

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

HOUSE BILL 2293

By: Roberts (Dustin)

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-108, which relates to contributions; modifying provisions related to computation of certain employer contributions; specifying treatment of contributions with respect to nonfederal source of funds; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-108, is amended to read as follows:

Section 17-108. A. Each local school district, ~~or~~ state college or university, ~~or~~ State Board of Education, or State Board of Career and Technology Education, or other state ~~agencies~~ agency whose employees are members of the Teachers' Retirement System, shall match, on a pro rata basis, in accordance with subsection B of this section the contributions of members ~~whose salaries are paid by~~ based on the member's regular annual compensation, regardless of the source of funds, except federal funds ~~or externally sponsored agreements such as grants, contracts and cooperative agreements,~~

1 which shall be calculated pursuant to subsection B of this section.

2 These funds shall be remitted by the member's employer at the same
3 time as the regular contributions of members are remitted to the
4 Teachers' Retirement System of Oklahoma and deposited in the
5 Retirement Benefit Fund.

6 B. On an annual basis, the Board of Trustees shall set the
7 contribution rate to be paid by contributing employers because of
8 the use of federal funds as provided in subsection A of this
9 section. The contribution rate shall be determined using cost
10 principles established by federal regulations and shall be
11 consistent with policies, regulations and procedures that apply
12 uniformly to ~~both~~ federally assisted ~~and other~~ activities, and be
13 accorded consistent treatment through application of generally
14 accepted accounting principles. The Board shall approve the
15 contribution rate for each fiscal year ending June 30, no later than
16 April 1 of the previous fiscal year. No additional contribution by
17 the member or employer shall be required or allowed because of any
18 other nonfederal source of funds in subsection A of this section.

19 C. All the assets of the retirement system shall be credited
20 according to the purpose for which they are held to one of eight
21 funds, namely: The Teachers' Savings Fund, the Retirement Benefit
22 Fund, the Interest Fund, the Permanent Retirement Fund, the Expense
23 Fund, the Suspense Fund, the Teachers' Deposit Fund, and the Retiree
24 Medical Benefit Fund.

1 1. The Teachers' Savings Fund shall be a fund in which shall be
2 accumulated the regular contributions from the compensation of
3 members, including interest earnings prior to July 1, 1968.

4 Contributions to and payments from the Teachers' Savings Fund shall
5 be made as specifically provided in each plan available within the
6 retirement system.

7 2. The deductions provided for in the plans within the
8 retirement system shall be made notwithstanding that the minimum
9 compensation provided for any member shall be reduced thereby.

10 Every member shall be deemed to consent and agree to the deductions
11 made and provided for herein and payment of salary or compensation,
12 less the deduction, shall be a full and complete discharge and
13 acquittance of all claims and demands whatsoever for the services
14 rendered by such person during the period covered by such payment,
15 except as to the benefits provided under this act. The employer
16 shall certify to the Board of Trustees on each and every payroll, or
17 in such other manner as the Board may prescribe, the amounts to be
18 deducted, and each of the amounts shall be deducted, and when
19 deducted shall be paid into the Teachers' Savings Fund, and shall be
20 credited to the individual account of the member from whose
21 compensation the deduction was made.

22 3. Following the termination of membership in the retirement
23 system for any member who has been absent from service for five (5)
24 years in any period of six (6) consecutive years, the Teachers'

1 Savings Fund Account of such member shall be closed and the amount
2 due the member as provided in Section 17-105 of this title shall be
3 paid upon the filing of formal application. At the time such
4 membership is terminated the amount due the member as provided in
5 Section 17-105 of this title shall be transferred to the Suspense
6 Fund.

7 4. Upon the retirement of a member, the balance of money he or
8 she had in the Teachers' Savings Fund shall be transferred to the
9 Retirement Benefit Fund.

10 5. Retirement Benefit Fund.

11 a. After August 2, 1969, there shall be transferred from
12 the Teachers' Savings Fund for those members drawing
13 retirement benefits from the Teachers' Retirement
14 System of Oklahoma an amount necessary to provide the
15 monthly annuity payments and pension payments as
16 required in Section 17-107 of this title. In addition
17 the fund shall consist of monies received from any
18 state dedicated revenue, monies received from state
19 appropriations, monies received from federal matching
20 funds, and the residue of the interest on investments
21 after the requirements of Section 17-107 of this title
22 have been fully met. The Retirement Benefit Fund
23 shall consist of an amount of money necessary for the
24 making of retirement payments to retirees.

- 1 b. Should a member have deposits in the Teachers' Deposit
2 Fund or the Tax-Sheltered Annuity Fund and wish to
3 receive monthly retirement benefits on such deposits,
4 the actuarial equivalent of a two-year period and each
5 succeeding fiscal year thereafter shall be transferred
6 to the Retirement Benefit Fund. The member may choose
7 any of the plans available in the Teachers' Retirement
8 Act as a method of receiving monthly retirement
9 benefits on the money he has on deposit in the
10 Teachers' Deposit Fund or the Tax-Sheltered Annuity
11 Fund. The monthly retirement benefits paid from the
12 Teachers' Deposit Fund or the Tax-Sheltered Annuity
13 Fund shall be in addition to the regular retirement
14 benefits and the money transferred from the Teachers'
15 Deposit Fund or Tax-Sheltered Annuity Fund shall not
16 be matched by the State of Oklahoma.
- 17 c. From the Retirement Benefit Fund shall be paid all
18 monthly retirement benefits.
- 19 d. At the death of a retired member who has retired under
20 the Maximum Plan of Retirement, Option 1 or Option 4,
21 the balance of money the member has in the Teachers'
22 Savings Fund shall be transferred to the Retirement
23 Benefit Fund and the amount due the beneficiary or his
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1 or her estate under Option 1 or Option 4 shall be paid
2 from the Retirement Benefit Fund.

3 e. At the death of both a retired member and the retired
4 member's spouse, who had retired under Option 2 or 3,
5 any balance in the Teachers' Savings Fund shall be
6 transferred from the Teachers' Savings Fund to the
7 Retirement Benefit Fund.

8 f. At the death of a retired member who had retired under
9 Option 5, the balance of any monies the member had in
10 the Teachers' Savings Fund shall be transferred to the
11 Retirement Benefit Fund for the purpose of making a
12 lump-sum settlement to the beneficiary or his estate.
13 Providing that if the surviving spouse elects to
14 receive the balance under the Maximum Plan of
15 Retirement or Option 1 the member's money, if any, on
16 a monthly basis, constituting actuarial equivalent of
17 two (2) years' payments, and each year thereafter the
18 annual actuarial equivalent, shall be transferred from
19 the Teachers' Savings Fund for the purpose of paying
20 monthly retirement benefits to the spouse under this
21 option.

22 6. The Interest Fund is hereby created to facilitate the
23 crediting of interest to the various other funds to which interest
24 is to be credited. All income, interest and dividends derived from

1 the deposits and investments authorized by this act shall be paid
2 into the Interest Fund. On June 30, each year, interest shall be
3 transferred to the other funds as herein provided.

4 7. The Permanent Retirement Fund shall consist of the
5 accumulated gifts, awards, and bequests made to the retirement
6 system, and transfers from the Suspense Fund, the principal of which
7 is hereby held and dedicated as a perpetual endowment of the
8 retirement system and shall not be diverted or appropriated to any
9 other cause or purpose unless specifically provided for in such
10 gifts, awards or bequests.

11 8. The Expense Fund shall be the fund from which the expense of
12 administration and maintenance of the retirement system shall be
13 paid. The Board of Trustees shall cause to be prepared and adopt
14 annually an itemized budget showing the amount required to defray
15 the expenses for the ensuing fiscal year.

16 Transfers to and payments from this fund shall be made as
17 follows: first, from the Interest Fund; second, from any dedicated
18 revenue; and, third, from appropriation by the Oklahoma Legislature.

19 All monies for the operation of the Teachers' Retirement System
20 of Oklahoma shall be paid from the Expense Fund upon the approval by
21 the Board of Trustees and the checks signed by two people designated
22 to sign such checks by the Board of Trustees of the Teachers'
23 Retirement System of Oklahoma.

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1 9. The Suspense Fund shall be comprised of amounts transferred
2 to the fund as provided in this section and Section 17-105 of this
3 title and obligations of the retirement system to any member or
4 person which cannot be legally discharged.

5 10. Teachers' Deposit Fund.

6 Any member may request, prior to a pay period, that his or her
7 employer make additional deposits for him or her, for tax-sheltered
8 annuity purposes. However, the amount deposited shall not exceed
9 the limits as defined in Section 402(g) and Section 415 of the
10 Internal Revenue Code of 1986, as amended, and applicable federal
11 regulations. All such deposits shall be credited to the member's
12 account in the Teachers' Deposit Fund for the purchase of a tax-
13 sheltered annuity. The amount thus accumulated, with earnings,
14 shall be used upon the member's retirement, separation from service,
15 death or disability to purchase an annuity in addition to his or her
16 regular service retirement allowance. The amount a member
17 accumulates in the Teachers' Deposit Fund, not including interest,
18 may be used to pay distributions in the case of hardship as provided
19 in Section 403(b)(11) of the Internal Revenue Code of 1986, as
20 amended, and applicable federal regulations.

21 11. Collection of Contributions.

22 The collection of members' contributions shall be as
23 follows:
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1 (1) Each employer shall cause to be deducted on each
2 and every payroll or claim of a member for each
3 and every payroll claim period subsequent to the
4 date of establishment of the retirement system
5 the contribution payable by such member as
6 provided in this act. With each and every
7 payroll or claim the employer shall deliver to
8 the treasurer of the employer warrants issued to
9 the employees as shown to be due by the payroll
10 or claim, together with a warrant or warrants in
11 favor of the Teachers' Retirement System as shown
12 by the payroll or claim.

13 (2) The treasurer or disbursing officer upon delivery
14 of the warrants and a true copy of the payroll or
15 claims as provided above shall register the
16 warrants as provided for the registration of
17 other school warrants, and shall deliver to the
18 employer warrants issued in favor of the
19 employees, and shall deliver warrants issued in
20 favor of the Teachers' Retirement System and the
21 copy of the payroll or claims to the school
22 district superintendent as designated by the
23 Board of Trustees. For the purpose of collecting
24 contributions of teachers in the public schools,

1 the superintendent of a school district is hereby
2 designated to receive the Teachers' Retirement
3 warrants from the treasurer or proper disbursing
4 officer of the several school districts for the
5 purpose of transmitting such warrants and payroll
6 or claims to the Executive Director of the
7 Teachers' Retirement System of the State of
8 Oklahoma. Any college or university or other
9 educational institution or agency operated in
10 whole or in part by the state shall have the
11 amount retained or deducted from the funds
12 regularly appropriated by the state for the
13 current maintenance for such educational
14 departments and institutions.

- 15 (3) For the purpose of enabling the collection of the
16 contributions of the members of the retirement
17 system to be made as simple as possible, the
18 Board of Trustees shall require the secretary or
19 other officer of each employer-board or agency,
20 within thirty (30) days after the beginning of
21 each school year, to make a list of all teachers
22 in its employ who are members of the retirement
23 system, certify to the correctness of this list,
24 and file the same with the Executive Director of

1 the Board of Trustees of the Teachers' Retirement
2 System. If additions to or deductions from this
3 list should be made during the year such
4 additions or deductions shall likewise be
5 certified to the Board of Trustees of the
6 Teachers' Retirement System.

7 (4) The State Treasurer shall furnish annually to the
8 Board of Trustees a sworn statement of the amount
9 of the funds in his or her custody belonging to
10 the retirement system. The records of the Board
11 of Trustees shall be open to public inspection
12 and any member of the retirement system shall be
13 furnished with a statement of the amount of the
14 credit to his or her individual account upon
15 written request by such member, provided the
16 Board of Trustees shall not be required to answer
17 more than one such request of a member in any one
18 (1) year.

19 (5) Failure of any superintendent, officer, or other
20 person to discharge the duties imposed upon him
21 or her by this act shall render him or her or his
22 or her bondsman liable for any loss occasioned
23 thereby to the Teachers' Retirement System or the
24 employees of the school district, or both.

1 (6) On a showing by the Teachers' Retirement System
2 that a warrant, voucher or check issued to it
3 has, for any reason, been lost or never received,
4 after ninety (90) days from the date of issue or
5 from transmittal for payment, it shall be the
6 duty of the issuing authority forthwith, without
7 any indemnifying bond or other requirements, to
8 issue a duplicate thereof in lieu of that which
9 was lost, to the Teachers' Retirement System; and
10 the Teachers' Retirement System shall save
11 harmless any school district or agency of state
12 government making payment under the provisions
13 hereof to the State Teachers' Retirement System
14 if the original warrant, voucher or check is
15 later presented for payment and same is paid
16 after a duplicate warrant, voucher or check has
17 been issued and paid to the Teachers' Retirement
18 System, and any loss sustained therefrom shall be
19 charged to the Interest Fund.

20 12. Rollover Contributions and Direct Trustee-to-Trustee
21 Transfers from Other Plans.

22 Any member may purchase credit for service, to the extent
23 specified in this title, with rollovers from an eligible retirement
24 plan as defined by the Internal Revenue Code of 1986, as amended

1 from time to time. A member may also purchase permissive service
2 credit, as defined by Code Section 415(n)(3)(A), with a direct
3 trustee-to-trustee transfer from a governmental Code Section 403(b)
4 plan or governmental Code Section 457(b) plan. All rollovers and
5 direct trustee-to-trustee transfers shall be allowed to the extent
6 permitted by federal law. Rollovers or direct transfers in excess
7 of the amount necessary to purchase such service credit shall not be
8 allowed.

9 13. Retiree Medical Benefit Fund.

10 The Retiree Medical Benefit Fund shall be maintained as a
11 subaccount under the Retirement Benefit Fund. The Retiree Medical
12 Benefit Fund is composed of all assets contributed to this
13 subaccount to pay the retirement system's portion of the monthly
14 retiree health insurance benefits described in Section 1316.3 of
15 Title 74 of the Oklahoma Statutes. All allocated assets and the
16 earnings thereon in the Retiree Medical Benefit Fund shall be held
17 for the exclusive purpose of providing retiree medical benefits
18 pursuant to Section 1316.3 of Title 74 of the Oklahoma Statutes.
19 The Retiree Medical Benefit Fund shall be administered in accordance
20 with the requirements under Section 401(h) of the Internal Revenue
21 Code of 1986, as amended from time to time. An amount necessary to
22 pay the health insurance premiums for retired members as provided by
23 Section 1316.3 of Title 74 of the Oklahoma Statutes shall be
24 deposited each month into the Retiree Medical Benefit Fund.

1 SECTION 2. This act shall become effective March 1, 2021.

2 SECTION 3. It being immediately necessary for the preservation
3 of the public peace, health or safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

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January 18, 2021

Representative Dustin Roberts
Room 456.2

Re: RBH No. 6260

RBH No. 6260 modifies the provisions relating to the computation of the contribution for OTRS employers.

RBH No. 6260 is a nonfiscal bill as defined by OPLAAA.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA